



CONNECTICUT BANKERS ASSOCIATION

March 6, 2012

To: Members of the Banks Committee

Fr: Connecticut Bankers Association
Contacts: Tom Mongellow, Fritz Conway

Re: RAISED BILL NO. 5183: AN ACT REQUIRING BANKS TO NOTIFY HOLDERS OF INACTIVE ACCOUNTS BY CERTIFIED MAIL THAT ACCOUNT HOLDERS WILL BE TRANSFERRED TO THE TREASURER AND SUBJECT TO ESCHEAT TO THE STATE

POSITION: OPPOSE

This bill appears to change the procedures a bank must follow when preparing to transfer an abandoned deposit account to the State of Connecticut. The CBA opposes the measure because it would add an unnecessary step to the process and it would reduce the effectiveness of the program and potentially add to the frustration and burdens experienced by Connecticut residents.

Under existing law, banks are already required to provide advance warning to customers if deposited funds are likely to escheat to the State. In most cases, these letters are sent to customers with inactive accounts. The warning letter must be sent at least a year in advance of escheatment and must be sent by U.S. mail. The letter tells the customer that in order to avoid escheatment, some action must be taken to show that the funds are not actually abandoned (e.g., asking the customer to respond to the letter).

In most cases, the letters reach the intended recipient and the customer responds to the letter to avoid escheatment. In this context, please understand that customers are often irritated with this *State mandated process*. In particular, they are frustrated with the fact that they need to take affirmative steps to keep their funds on deposit with the bank.

The Statement of Purpose accompanying the bill suggests that the legislation would now require the "warning letter" to be sent by *certified mail*. Respectfully, we do not think that this makes much sense. Certified mail would not necessarily reach a large percentage of the bank's customers with the first delivery attempt (particularly customers who work during the day). Some customers would be required to go the post office to pick-up and sign for the certified mail (adding to the overall frustration and burden). Other customers would neglect, ignore or refuse to do so and they would *never* get the necessary warning before escheatment. In that case, the funds would be transferred to the State even though the funds might *not* be truly "abandoned".

Certified mail would also add an additional and unnecessary expense to the notification process.

In short, we believe that the *existing* requirement for regular U.S. mail will reach the largest audience and will result in the least amount of customer frustration and burden.

We urge your opposition to this proposal.